GAO/B-1-IAD 87-69

1987

United States General Accounting Office

GAO

Report to the Assistant Secretary of the Army (Installations and Logistics)

March 1987

FAMILY HOUSING

COMPLETED

Mainz and Wiesbaden Requirements Overstated

ORIGINAL

GAO/NSIAD-87-69

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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division
B-226009

March 16, 1987

The Honorable John W. Shannon
The Assistant Secretary of the Army
(Installations and Logistics)

Dear Mr. Shannon:

We reviewed the Army's 5-year housing acquisition plans for the Mainz and Wiesbaden military communities of West Germany to determine whether the planned construction and leasing outlined in those plans were needed and whether justification for the acquisition of new housing units took into account all available local economy housing.

Our analysis of the Mainz and Wiesbaden military communities showed that the housing requirements for both communities could be met without many of the planned leasing and construction projects outlined in the fiscal years 1986-1991 Family Housing Acquisition Plans. Our analysis was based on current DOD policy that requires use of economy assets first to meet family housing needs.

Specifically, we found that the Mainz plan did not consider the availability of housing in the adjacent Wiesbaden military community, which would allow

- the cancellation of plans to build 20 units in Mainz in fiscal year 1987 and 100 units in fiscal year 1989 and
- a reduction in the need to acquire over 340 lease or build-to-lease[1] units from fiscal years 1986 through 1991 in the Mainz Acquisition Plan.

Subsequent to completion of our fieldwork, the House and Senate Committees on Armed Services deleted the request for 20 units in Mainz from the Department of Defense's (DOD's) 1987 budget request.

In Wiesbaden, our analysis showed that sufficient local economy housing existed to eliminate the planned conversion of 96 attics to apartments.

[1]Build-to-lease units are built by a private contractor for leasing to the government for a period of 15 to 20 years.

Adequacy of Local Economy Housing Assets

Our examination of the Mainz housing requirements showed that not all local economy housing units occupied by command-sponsored personnel and none of the local economy housing units occupied by noncommand-sponsored personnel had been reported in the acquisition plan assets total to be applied against the housing requirement. Also, the Mainz Housing Referral Office (HRO) was meeting the demand for local economy housing. For example, in April and May 1985, 24 to 36 days elapsed from date of application for and receipt of economy housing, well within U.S. Army, Europe's (USAREUR's) goal of 60 days.

In addition, the HRO was improving its local economy housing acquisition efforts. For example, in mid-September 1985, the HRO started an incentive program to acquire local economy housing. In late October 1985, it hired an acquisition specialist to contact landlords offering apartments and to secure them for Mainz personnel.

In Wiesbaden, we found that 461 local economy housing units had been acquired during 1985 and that, as of October 23, 1985, the number of available local economy housing assets exceeded demand in all sizes based on bedroom count. In addition, Wiesbaden Housing Division officials believed that, if needed, 200 additional local economy housing units could be acquired. We also found that economy units rented by E-3s in Wiesbaden and five nearby communities were within the Mainz E-3 overseas housing allowance. Therefore, most Mainz personnel could live in the Wiesbaden area without incurring financial hardship.

In Europe, some service members chose—because government quarters were not available—to let their families stay in the United States while they serve their tours of duty in Europe. In both military communities, we found that separated families who preferred government quarters were being counted among those needing government housing even though adequate local economy housing was available for them. These families were classified as involuntarily separated even though affordable local economy housing was available. Since these service members made the decision to leave their families in the United States rather than accept local economy housing, we believe their families should actually be counted among families that are voluntarily separated and, therefore, not among those who require housing. Involuntarily separated families in the United States were listed as in need of housing when the separation was caused by the lack of affordable local economy housing and government quarters.

We deducted the number of separated families in Europe who refuse local economy housing from the list of those requiring housing. Although current DOD policy allows them to be considered in its new construction requirement, we do not believe an individual's preference should be justification for new housing construction.

USAREUR and Headquarters Officials' Views

We presented the results of our examination of the Mainz and Wiesbaden military communities' family housing requirements to USAREUR officials, and they generally agreed with our findings, although they did not agree with our position that separated families who prefer government quarters when economy units are available should not be defined as "involuntarily separated" or be considered in housing construction requirements.

Specifically, USAREUR officials agreed to

- cross-level, or share, housing assets between the Wiesbaden and Mainz communities;
- aggressively seek "suitable" local economy housing assets and reduce the number of leases;
- pursue actions to change the present policy for determining which local economy housing should be counted as assets for programming purposes; and
- delete the 100-unit fiscal year 1989 project for Mainz from planning documents.

We also briefed officials in the office of the Deputy Assistant Secretary of the Army (Installations). They concurred with our findings and observations.

Conclusions and Recommendations

We believe that corrective actions beyond those agreed to by USAREUR officials are required, and we recommend that you

- direct USAREUR, Mainz, and Wiesbaden housing officials to reassess both Wiesbaden's and Mainz's 5-year housing acquisition plans to determine that planned construction or leasing is properly justified and
- review the existing policy and practices of including in the calculation of new housing requirements families separated from service members in Europe who decline local economy housing when government quarters are unavailable.

Objectives, Scope, and Methodology

Our objective was to determine if the planned construction and leasing outlined in the Mainz military community's fiscal year 1986 Family Housing Acquisition Plan were needed. Since the Wiesbaden military community is close to Mainz, we examined both communities' requirements and assets to determine whether Wiesbaden could provide Mainz with housing assets without jeopardizing its own needs. The criterion for our analysis was that DOD and Army policy is to use local economy housing before building new units.

For each community, we obtained housing requirements and assets data as of December 31, 1985, and projected data for September 30, 1991. We compared these data to the fiscal year 1986 acquisition plan data for the same dates. We also reviewed fiscal year 1985 local economy housing activity to determine asset retention and acquisition rates, length of time necessary to house service members in local economy housing units, data on adequate and inadequate units, and local economy housing acquisition program practices.

We compared rental cost for local economy housing in Wiesbaden and nearby communities to the overseas housing allowances for Mainz. Our analysis focused on pay grades E-1 through E-3 because their allowances are the lowest. Our work was performed in accordance with generally accepted government auditing standards.

We would appreciate being kept advised of actions taken in response to our recommendations.

Sincerely yours,

Henry W. Connor
Senior Associate Director

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